Annual Report 1999

Stromsdal

Stromsdal is a company that focuses on manufacturing, premium quality, highly processed board. The company's key objective is to offer the best quality for customers in the extremely demanding graphic board markets. Stromsdal invests in continuous product development, and acknowledges its responsibility for the environment.

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Managing Director's Review

In 1999, our financial performance improved considerably from the previous year even though we failed to make the targeted profit. The income statement showed a loss of EUR 0.2 million compared to a loss of EUR 1.4 million a year earlier. Excellent development in production volumes and good sales volumes were the key factors contributing to the profit improvement, but they were not able to fully compensate for the rapid rises in the price of pulp in the second half.

The market situation began to show a positive trend in September and has since continued to strengthen. Market price development was not as brisk as the increase in the cost of raw materials. We were able to introduce market-specific price increases starting in November 1999. The changes in the production process caused some temporary disturbances which had a negative impact on our financial performance in the second half.

With the recent mergers and business acquisitions, the competitive environment in the graphic board industry has become much more clearly defined in the past few years. This development has created stability in the European board market which has not been significantly disturbed by US or Asian producers. Moreover, the reorganisation of the competitive environment has strengthened the position of independent suppliers of high-quality board, and the future development of supply and demand is generally considered very stable.

Last year, Stromsdal continued to carry out the Stromsdal 2000 multi-phase investment programme. The programme reached its second phase in August with measures focussing on raising the board machine's production capacity. At the same time, coating operations on the board machine were discontinued and a separate coating machine was introduced. The third phase of the development programme which will take place in April 2000 involves the replacement of the mill's finishing line. The old slitter and the oldest sheet cutter will be replaced with fully modernised second-hand machinery. These measures help increase the finishing capacity, enabling the increased production output to be cut into sheets and packed at the mill.

The total cost of the first three development phases completed in the period between November 1998 and April 2000 comes to more than EUR 7 million. These investments helped raise the board manufacturing capacity by about 30 percent. The remaining phases of the investment programme are scheduled to be completed by the end of 2001. The next phase will focus on investments aimed at improving the quality of graphic board and at boosting the efficiency of the production process. The graphic board product development programme currently under way will provide strong support to this objective. Together these projects will strengthen our competitive position considerably. Sales of the pro-environmental Barrier food packaging board picked up by some 30 percent last year, but the share of the Barrier grade of total sales continues to be marginal.

Stromsdal has good chances of improving its financial performance this year. The budgeted increase in the annual sales volume is 15 percent and we anticipate a continued high demand. Process disturbances caused by the changes introduced in the production process will, however, affect performance in the beginning of the year. Furthermore, it may be difficult to raise the prices of board sufficiently to compensate for the increase in the price of pulp, which has been faster than anticipated. With the implementation of the development programme, we have been able to improve our cost competitiveness at a steady rate. After the scheduled completion of the structural improvement programme in 2001, we will start off on a new stretch of the company's development path.

Björn Forss
Managing Director

Review of Operations

Stromsdal Oyj is a company that focuses on manufacturing premium quality, highly processed board. In its current form, Stromsdal has been in the business for twelve years. The company headquarters and production facilities are located in Juankoski, in central Finland, and the company also has a wholly-owned sales company in Britain. Stromsdal Oyj's series B shares are quoted on the Helsinki Exchanges.

Market situation improved towards the year-end

The markets for coated boards, both graphic and packaging grades, crashed in August 1998. In early 1999, demand picked up a little only to slacken again in April. Until the investment shutdown in August, the mill operated with an order book of only 5 to 7 days. In September, after the summer holiday period in our key market areas was over, demand rose sharply and in the final third our order book stretched to an average of three weeks, although production capacity increased by nearly 30 percent at the same time.

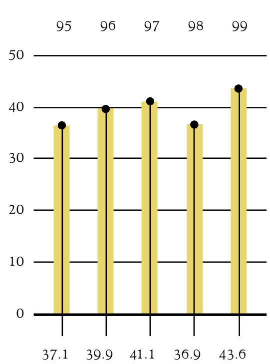
Sales and marketing teams concentrated on ensuring full utilisation of the board machine's capacity and selling the entire production capacity regardless of the disappointing market situation. Other key tasks of these teams included switching over from machine-coated Strom grade to new and improved, off line coated Strom grades, finding new clients in view of the increased production capacity achieved with the investments completed in the autumn, and finding new sales channels in Asia Pacific.

As specified in the R&D programme, coating of StromPack and StromCard, the so-called board machine grades, was moved to the coating machine in the course of May and June. From the markets' perspective, this change was carried out very quickly: the technical specifications for the improved products were published in mid-April and by the Midsummer shutdown, clients had started ordering the new grades. Furthermore, arrangements for the transition period made with our wholesale dealers who keep stocks enabled us to avoid extra costs.

Proportionally, Strom grades accounted for the largest increase in production. This could be attributed to the improved quality of the products as well as the strict market situation which forced end-users to switch from high-quality graphic grades to more inexpensive products in order to cut costs. The sales volume of GraphiArt Duo also increased by more than 20 percent compared to sales in 1998. Growth was mostly experienced in the West European markets where the market share grew thanks to the consistent quality of the product and shorter delivery times.

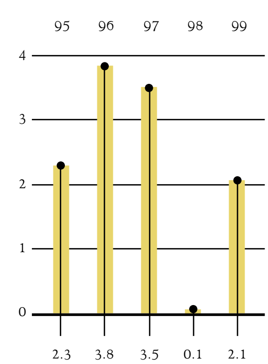
Net sales

EUR million



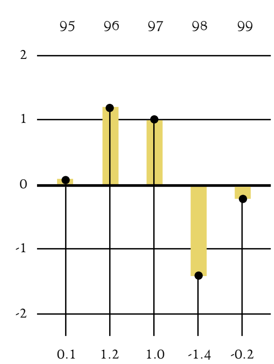
Operating profit

EUR million



Profit before extraordinary items

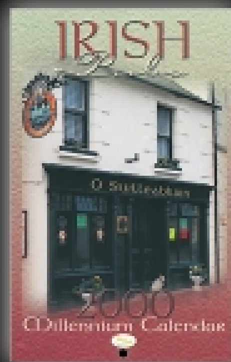
EUR million

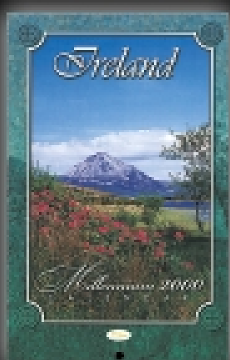


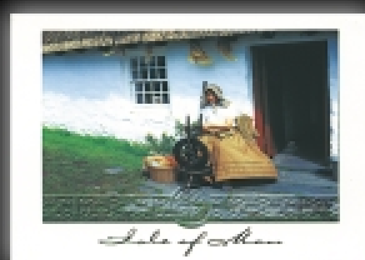
GraphiArtCard

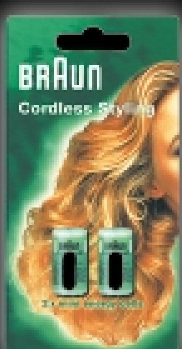
GraphiArtDuo

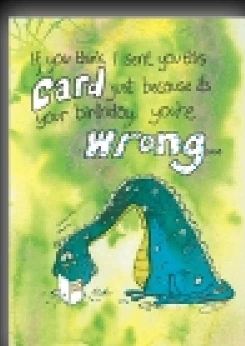
StromCard

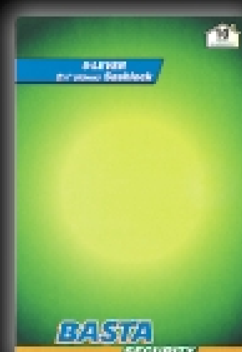


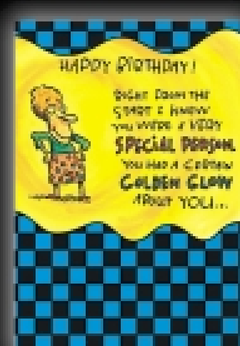












The special features of Stromsdal's GraphiArt Duo make it a unique product world-wide. It is the only graphic folding boxboard in the world that is coated on both sides and is fully symmetrical. Regardless of market fluctuations, the sales figures for GraphiArt Duo have continued to climb at a steady rate. In 1999, large quantities of Duo were delivered to the UK market for use in postcards, to Germany for mobile phone packages and CD boxes, to Italy for catalogue covers and collector's cards and to France for pharmaceutical and cosmetic packages.

Looking at the market-specific performances, the UK, Germany and the Benelux countries fell short of objectives. The Belgian-based Stromsdal Representative Office Benelux was opened in the beginning of 1999. This office will be in charge of co-ordinating sales across the Benelux area and of exploring the special packaging markets in view of the additional production volume available in the future. The sales targets were met and partly exceeded in France, Italy, Spain and Poland. After the economic crisis in Russia in autumn 1998, sales to Russia halted in late 1998, but saw a marked improvement in the first third of 1999. In terms of the sales volume, Russia reached the pre-crisis level.

The recovery of the markets triggered price increases in the board industry at the end of the year. Considering the increases in the price of pulp, which had continued throughout the year, the board industry could have reacted sooner. A strong market situation persisted in early 2000.

In 1999, a decision was made to renew the company's marketing material. The product family concept and the complementary grade-specific colour code will still be used, but a more individual and unique product brand will be developed for each grade. Differences in the visual appearance of the brochures designed for the Strom and Graph grades emphasise the dissimilarity of the products.

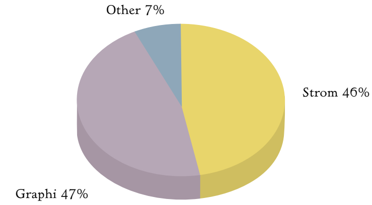
Quality assurance

An investment involving the sand filtration system for raw water purification was completed in the spring, and the efficiency of sorting operations at the groundwood mill was raised. These projects helped improve the quality of products and ensure adequate availability of groundwood capacity.

Strategic development investments

Two years ago, Stromsdal decided to implement an extensive strategic development programme entitled Stromsdal 2000. The programme was divided into projects that enabled a rapid increase in production capacity, clearly improved profitability and reduced costs. Another key objective was to improve the quality of board products and to cement Stromsdal's position as a major supplier of graphic boards and first-class packaging boards.

Sales by grade in 1999



Investments aimed at increasing the capacity of the board machine

Investments made to improve the performance of the board machine's drying section were geared at increasing capacity. These investments totalled EUR 1.7 million. To carry out the required measures, coating on the board machine had to be discontinued and all coating activities were transferred to a separate coating machine. Pilot runs conducted in the course of the spring showed that it was possible to upgrade the quality of coated board at the same time and that the overall production process became easier to manage. In May 1999, the entire production was now being coated on the coating machine.

In conjunction with the Midsummer shutdown, the maximum speed of the electric drive of the board machine was raised by 10 percent and the coating equipment was removed. The actual investment shutdown took place at the end of August. During the shutdown, the board machine's adhesive press was moved to an optimum position in view of the drying process, and six new drying cylinders were installed in the drying section. The control equipment for the steam and condensing systems of the drying section were incorporated into the new automated system. Modification of the drying section allowed a rapid increase in production capacity, and a new monthly production record was achieved in October.

More efficiency to finishing

As a result of the increased board production volumes, the coating machine staff had to switch to continuous working hours in September and the wood processing staff to continuous two-shift work. When working at full production capacity, the mill experienced capacity shortages in slitting and sheet-cutting, causing periodic bottlenecks, therefore small quantities of work had to be given to subcontractors for cutting and slitting.

At the end of 1999, a decision was made to carry out investments, aimed at boosting the efficiency of the finishing operations and at increasing the finishing capacity. This programme involves the replacement of the oldest sheet-cutter and the existing rewinder. At the same time, a new waste pulper will be introduced to upgrade the processing of cutting waste. These investments do not require actual investment shutdowns. Equipment will be introduced in March–April 2000, after which the mill's sheet-cutting capacity will rise to 60,000 tonnes per year. The slitter and the sheet-cutter will be introduced in April 2000. More than 90 percent of the mill's production output is delivered in sheets.

Objectives of the strategic development programme for 2001-2002

The purpose of the Stromsdal 2000 investment programme is to raise the board mill's annual production capacity to 70,000 tonnes. Furthermore, with the investments in the coating machine Stromsdal plans to develop new, high-quality special boards for the graphic industry. Higher capacity of the board machine will be achieved by raising the drying capacity and by accelerating production runs. The operating model that was tested in 1999 can be utilised to carry out these plans. Stromsdal is also preparing to increase the pulpwood and steam production capacity, and to eliminate production bottlenecks.

Board of Directors' Report on Operations

FINANCIAL PERFORMANCE

1999 marked the twelfth year of operations for Stromsdal Oyj. Consolidated net sales in 1999 were up by 18.2 percent on the previous year to EUR 43.6 million. The Group booked an operating profit of EUR 2.1 million compared to a loss of EUR 0.2 million a year earlier. Loss before extraordinary items, provisions and taxes was EUR 0.2 million, while in 1998 the company was EUR 1.4 million in the red. Earnings per share were EUR -0.1 (EUR -0.9 in 1998). The Board proposes that no dividend be paid for the financial year 1999.

The parent company's net sales for the financial year amounted to EUR 41.9 million, with exports accounting for 94.5%. Net sales in 1998 totalled EUR 36.1 million (exports 94.5%). The parent company posted a profit of EUR 0.1 million before extraordinary items, provisions and taxes, while in 1998 it made a loss of EUR 1.6 million.

INVESTMENTS

The parent company's gross investments in the financial year totalled EUR 4.0 million (1998: EUR 4.2 million). The investment programme launched in 1998 to improve the performance of the board machine and the quality of the board was extended with supplementary investments in 1999 which helped raise production capacity by more than 15 percent on the previous year. This was achieved by bringing up the drying power, boosting the efficiency of the groundwood mill, and by increasing the speed of the board machine. Furthermore, coating on the board machine was discontinued in June 1999 and all coating operations were moved to a separate coating machine.

At the end of the year, investment measures geared at upscaling the finishing operations and improving their efficiency were launched. The improved operations are scheduled to be introduced in the first half of 2000.

Other major projects included replacing the raw water purification system as well as upgrading the mill's information systems to make them Euro-compliant and Y2K-compliant. Both measures were successfully completed within the planned schedule, well in time before the turn of the millennium. No functional problems occurred.

The financial management system introduced in 1998 enabled the company to switch over to a Euro-based accounting system in the beginning of 1999.

FINANCING

Investments were by and large financed with income financing which caused the company's financial situation to tighten particularly over the last quarter. Furthermore, investment shutdowns and a sharp rise in the price of pulp in the second half of 1999 also hampered the financial situation. Meanwhile the price of board rose only at the very end of 1999, which is why profits and cash flow will not reflect the price increase until in 2000.

MARKETS AND PRODUCTION

The weak market situation that began in the last third of 1998 continued until the end of August 1999 with the order backlog remaining roughly at one week. In September, the market situation picked up significantly. Despite a marked improvement in financial performance compared to the previous year, consolidated operating profit fell somewhat short of the targets. Profit improvement was bolstered by good production development which, however, failed to compensate fully for the increase in the price of pulp. Increases in the price of board did not take place until early November.

Sales fell short of targets primarily in the UK and Germany whereas in other West European markets, the sales objectives were met. Production output grew, and the majority of goods were sold to West European markets, Russia and East Europe. The investment shutdown in August and subsequent minor start-up disturbances had a negative impact on the operating profit. However, the situation has stabilised and production volume is on an anticipated level.

Graphi grades accounted for 47.0 percent of the total sales volume (1998: 54.4%). The average order backlog during the year was 11 days. Order backlog improved towards the year-end and stands at four weeks at the moment. Positive development is expected to continue based on the current outlook. Apart from the investment shutdowns, production was uninterrupted all through the year.

The mill's net output totalled 46,753 tonnes (1998: 39,174). In addition, coating for external clients represented 600 tonnes and barrier coating more than 500 tonnes. Thanks to the performance-boosting investments in the board machine, output volumes increased. The utilisation rate of the board machine rose from 83.7 percent to 91.7 percent.

Although the delivery volume of the Barrier Pack food packaging board showed a slight growth compared to 1998, its impact on the company's overall financial performance is still rather modest. The Barrier grade was mostly sold to the Finnish market and the EU markets.

SHARE CAPITAL AND MAJOR SHAREHOLDERS

No changes took place in Stromsdal Oyj's share capital during the financial year. At the end of the year, the share capital totalled EUR 5.1 million. Company shares are divided into series A and B.

In 1999, the share capital was distributed as follows:

	Shares	% of shares	Votes	% of the votes
Series A	120,200	7.91	2,404,000	63.21
Series B	1,399,300	92.09	1,399,300	36.79

According to the company's shareholder register in the book-entry securities system, the company had 1,209 shareholders at the end of the financial year. The number of shares on joint accounts was 23,177 at the end of the year, 21,877 of which were B shares. The shares on joint accounts represent 1.5% of the entire share capital. On 31 December 1999, administrative registration covered 31,900 B shares.

Stromsdal Oyj's shares have been quoted on the Helsinki Exchanges since 14 August 1989. During the year, shares were traded as follows:

No. of Shares traded		Price		Price, 30 Dec.1999		Taxable value
	No.	highest	lowest	purchase	selling	
EUR	of shares	EUR	EUR	EUR	EUR	EUR
970,518	451,574	2.70	1.80	2.00	2.10	1.38

Distribution of Stromsdal Oyj's shares by sector on 31 December 1999:

	Ownership	%	No. of shares	%	No. of votes	%
Private companies	121	10.03	377,325	24.83	2,636,425	69.32
Financial and insurance institutions	3	0.25	11,565	0.75	11,565	0.30
Public corporations	1	0.08	1,600	0.11	1,600	0.04
Non-profit organisations	3	0.25	1,600	0.11	1,600	0.04
Households	1,073	88.97	1,053,482	69.33	1,053,482	27.71
Foreign holding and administrative registration	8	0.41	48,751	3.21	48,751	1.28
Total	1,209	100.00	1,494,323	98.34	3,753,423	98.69
Total on waiting list			2,000	0.13	2,000	0.05
On joint accounts			23,177	1.53	47,877	1.26
Number of shares issued			1,519,500	100.00	3,803,300	100.00

Distribution of ownership by number of shares owned as per 31 December 1999:

Shares	No. of shares	%	No. of shares	%	No. of votes	%
1-100	386	31.93	10,129	0.67	10,129	0.27
101-200	63	5.21	11,124	0.73	11,124	0.29
201-500	205	16.96	88,982	5.86	88,982	2.34
501-1,000	245	20.26	229,260	15.08	229,260	6.03
1,001-	310	25.64	1,154,828	76.00	3,413,928	89.76
Total	1,209	100.00	1,494,323	98.34	3,753,423	98.69
On waiting list			2,000	0.13	2,000	0.05
On joint accounts			23,177	1.53	47,877	1.26
No. of shares issued			1,519,500	100.00	3,803,300	100.00

The ownership and voting rights of Stromsdal Oyj's ten biggest shareholders on the balance sheet date:

	No. of A shares	No. of B shares	%	Votes	%
Juankosken Kehitysmasuuni Oy	53,000	120	3.50	1,060,120	27.87
Savon Voima Oyj	47,200	4,000	3.37	948,000	24.93
Forcera Oy	20,000	4,700	1.63	404,700	10.64
Jylhä Tapio Ilmari		40,000	2.63	40,000	1.05
Rakennustoimisto Kiilholma Oy		31,000	2.04	31,000	0.82
Merita Pankki Plc		28,900	1.90	28,900	0.76
Oksanen Markku		18,500	1.22	18,500	0.49
KJR-Invest Oy		12,000	0.79	12,000	0.32
Vainikka Mauno		12,000	0.79	12,000	0.32
Kuusakoski Torsti Kalevi		11,000	0.72	11,000	0.29

Some members of the Board of Directors own an insignificant number of company shares, with the exception of Managing Director Björn Forss, who is not a direct shareholder of the company, but is a shareholder of the investment company Forcera Oy.

ADMINISTRATION AND PERSONNEL

The Annual General Meeting of Stromsdal Oyj was held in Juankoski on 6 May 1999. At the meeting, the following were elected members of the Board of Directors: Björn Forss, Osmo Jääskeläinen, Petri Kangasperko, Janne Simelius and Eero Sinkko.

Janne Simelius was elected chairman of the Board of Directors and Ari Ketola was elected secretary to the Board. During the financial year, the Board of Directors convened 15 times.

Arthur Andersen Oy Authorised Public Accountants were elected Stromsdal Oyj's auditor and Pertti Hiltunen, Authorised Public Accountant, was elected deputy auditor.

During the year under review, the parent company employed an average of 221 people (220). The Group's personnel averaged at 228 (227).

Wages and salaries paid during the year were as follows (EUR 1,000):

	1999		1998	
	Parent Co.	Group	Parent Co.	Group
Board of Directors and Managing Director	129	251	120	207
Other personnel	6,511	6,724	6,290	6,459
Total	6,640	6,975	6,411	6,667

OUTLOOK FOR THE YEAR 2000

The demand for graphic board grades remained good in the first third of the year. In view of this development, the timing of the strategic development investments made at Stromsdal to increase the production volume was excellent. At the moment, there are no signs indicating that the market situation would take a downward turn. From Stromsdal's perspective, however, the fact that the price of pulp continues to rise will create a pressure to raise the price of board, too.

The product development projects under way are geared at sharpening our competitive edge. The products we can offer to the graphic board end-users are designed to increase our lead over competitors and to help us meet the challenges that are to be expected, such as a surplus capacity in the graphic sector, especially in Europe but outside the continent as well.

Trade to Russia and other East European countries, which has seen a dramatic improvement, is expected to remain on the 1999 level or even increase provided that no changes take place in the business environment that could have a negative impact on our exports.

Income Statement of the Parent Company and the Group

(EUR)	Group 1 Jan.- 31 Dec.1999	Group 1 Jan.- 31 Dec.1998	Parent Company 1 Jan.- 31 Dec.1999	Parent Company 1 Jan.- 31 Dec.1998	Note
NET SALES	43,640,524.82	36,906,320.10	41,895,428.05	36,108,068.66	1.1.
Increase or decrease in the stock of finished and unfinished products +/-	-681,213.05	332,159.70	-520,284.71	158,940.21	
Other income from business operations	252,941.60	166,253.72	253,678.60	159,856.06	1.2.
Materials and services	-26,511,558.66	-23,163,455.47	-25,255,673.43	-22,888,049.04	1.3.
Personnel costs	-8,974,702.81	-8,373,885.78	-8,545,851.27	-8,044,429.00	1.4.
Depreciation and value adjustment	-2,522,936.22	-2,220,128.41	-2,480,541.17	-2,188,542.53	1.5.
Other expenses from business operations	-3,142,669.29	-3,531,653.50	-2,965,759.99	-3,369,129.63	1.6.
OPERATING PROFIT (LOSS)	2,060,386.39	115,610.36	2,380,996.08	-63,285.27	
Share of associated companies' profits	-15,188.83	2,645.17			
Financial income and expenses	-2,261,964.20	-1,569,146.36	-2,236,072.73	-1,539,818.08	1.7.
PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS	-216,766.64	-1,450,890.82	144,923.35	-1,603,103.35	
Extraordinary items	38,498.21	0.00	46,907.61	14,295.97	1.8.
PROFIT (LOSS) BEFORE TAXES	-178,268.43	-1,450,890.82	191,830.96	-1,588,807.38	
Income tax	41,742.00	-10,890.74	0.00	0.00	
PROFIT (LOSS) FOR THE FINANCIAL YEAR	-136,526.43	-1,461,781.56	191,830.96	-1,588,807.38	

Balance Sheet of the Parent Company and the Group

(EUR)	Group 31 Dec. 1999	Group 31 Dec. 1998	Parent Company 31 Dec. 1999	Parent Company 31 Dec. 1998	Note
ASSETS					
FIXED ASSETS					
Intangible assets	371,350.55	320,177.53	371,350.55	320,177.53	2.1.1.
Tangible assets	15,998,139.34	14,551,556.10	15,637,334.66	14,166,506.32	2.1.1.
Participating interests	-	-	1,155,150.17	1,123,329.01	2.1.2.
Other investments	547,328.14	529,110.63	22,240.34	20,655.16	2.1.2.
TOTAL FIXED ASSETS	16,916,818.03	15,400,844.25	17,186,075.72	15,630,668.02	
CURRENT ASSETS					
Inventories	4,051,746.11	4,580,730.51	3,157,744.01	3,490,820.41	2.1.4.
Long-term receivables	1,403,408.46	1,616,476.53	1,497,257.32	1,710,325.39	2.1.5.
Current receivables	11,591,016.24	8,171,479.01	12,385,217.68	9,021,608.72	2.1.6.
Cash at bank and in hand	956,952.27	1,275,106.71	653,253.98	802,919.22	
TOTAL CURRENT ASSETS	18,003,123.08	15,643,792.75	17,693,472.99	15,025,673.75	
TOTAL ASSETS	34,919,941.11	31,044,637.01	34,879,548.71	30,656,341.76	
LIABILITIES					
SHAREHOLDERS' EQUITY					
Share capital	5,111,231.09	5,111,231.09	5,111,231.09	5,111,231.09	2.2.1.
Reserve fund	588,918.20	588,918.20	588,918.20	588,918.20	2.2.2.
Currency translation difference	40,195.58	19,185.03			
Profit (loss) brought forward	343,025.57	1,804,807.14	427,012.04	2,015,819.42	2.2.3.
Loss for the financial year	-136,526.43	-1,461,781.56	191,830.96	-1,588,807.38	
TOTAL SHAREHOLDERS' EQUITY	5,946,844.01	6,062,359.89	36,430,446.91	45,877,066.61	
PROVISIONS FOR LIABILITIES AND CHARGES	0.00	67,275.17	0.00	67,275.17	
CREDITORS					
Long-term	12,960,509.88	12,154,840.81	12,960,509.88	12,154,840.81	2.2.4.
Short-term	16,012,587.22	12,760,161.14	15,600,046.54	12,307,064.46	2.2.5.
TOTAL CREDITORS	28,973,097.10	24,915,001.95	28,560,556.42	24,461,905.26	
TOTAL LIABILITIES	34,919,941.11	31,044,637.01	34,879,548.71	30,656,341.76	

Consolidated Funds Statement of the Parent Company and the Group

(EUR)	Group 1 Jan. - 31 Dec.1999	Group 1 Jan. - 31 Dec.1998	Parent Company 1 Jan. - 31 Dec.1999	Parent Company 1 Jan. - 31 Dec.1998
BUSINESS OPERATIONS				
Operating profit/loss	2,060,386.39	115,610.36	2,380,996.08	-63,285.27
Adjustment to operating profit/loss	2,455,661.05	2,214,820.21	2,413,266.00	2,146,266.14
Change in net working capital	361,873.24	2,258,033.47	262,449.53	2,628,966.54
Interest	-1,178,112.47	-1,317,185.98	-1,125,374.56	-1,244,636.72
Dividends received	40,288.74	2,502.89	48,698.14	16,798.86
Other financial items	-1,085,642.27	-160,973.12	-1,112,488.70	-137,676.31
Taxes	41,742.00	-10,890.74	0.00	0.00
NET CASH FLOW FROM BUSINESS	2,696,196.68	3,101,917.08	2,867,546.49	3,346,433.25
INVESTMENTS				
Purchases of other fixed assets	-4,020,692.48	-4,268,922.59	-4,002,542.53	-4,240,866.35
Sale of other fixed assets	0.00	12,109.53	0.00	0.00
Increase in other long-term investments	-18,217.51	2,645.17	-33,406.34	0.00
TOTAL CASH FLOW FROM INVESTMENTS	-4,038,910.00	-4,254,167.88	-4,035,948.87	-4,240,866.35
CASH FLOW BEFORE FINANCING	-1,342,713.31	-1,152,250.80	-1,168,402.39	-894,433.10
FINANCING				
Draw of long-term loans	1,417,149.21	618,931.57	1,417,149.21	618,931.57
Instalments of long-term loans	-611,480.14	-455,525.49	-611,480.14	-455,525.49
Increase/decrease in long-term receivables	213,068.07	285,606.07	213,068.07	285,606.07
Others	5,821.73	23,867.17	0.00	0.00
TOTAL FINANCING	1,024,558.87	472,879.32	1,018,737.14	449,012.15
Increase/decrease in liquid funds	-318,154.44	-679,371.47	-149,665.24	-445,420.95
Liquid funds on 1 January	1,275,106.71	1,954,478.18	802,919.22	1,248,340.17
LIQUID FUNDS ON 31 DECEMBER	956,952.27	1,275,106.71	653,253.98	802,919.22

Notes to the Accounts

Accounting Principles 1999

Scope of the consolidated financial statements

Stromsdal Oyj is the parent company of a Group that comprises the following subsidiaries: Juantehtaan Ympäristö Oy, Stromsdal UK Ltd.

The Juankoski-based Juantehtaan Ympäristö Oy owns and leases industrial estates and land areas.

Stromsdal UK Ltd., based in Chorley, is a sales company that is in charge of selling the parent company's products in the UK and Ireland.

The Group also includes an associated company, Koillis-Savon Ympäristöhuolto Oy, which was founded in 1993 by Stromsdal Oy and the municipalities of Juankoski and Kaavi. The company is engaged in wastewater treatment and environmental care. The company is based in Juankoski.

Accounting principles for the consolidated financial statements

Financial statements

Financial statements were prepared in accordance with the new accounting act that entered into force on 31 December 1997. The accounting currency is the euro and figures from the previous year have been converted into euros using the official conversion rate between the Finnish mark and the euro.

Internal shareholding, internal business transactions and margins, and conversion difference

The acquisition cost method was applied to eliminate inter-company shareholding. Inter-company receivables and payables, income and expenditure, and internal margins were eliminated. Figures for the foreign subsidiary were converted into euros using the exchange rate quoted by the European Central Bank on the closing day. The conversion difference was entered as conversion difference under non-restricted shareholders' equity.

Associated companies

The figures of the associated company were consolidated into Stromsdal Group's financial statements using the equity method. The Group's share of the associated company's profits was entered under financial items.

Fixed assets and depreciation

Fixed assets were valued at their direct acquisition cost less planned depreciation. Planned depreciation means straight-line depreciation based on the useful economic life of the fixed assets.

Depreciation periods are as follows:

Buildings and the groundwood mill	20 years	Other machinery and equipment	5-10 years
Board machines	12 years	Computer hardware and software	5 years
Coating machines	12 years	Other long-term expenditure	3-5 years

Inventories

In accordance with the FIFO principle, inventories were valued at the acquisition cost, or at a lower replacement price, or the probable selling price.

In the valuation of stocks, direct costs as well as the indirect costs involved in purchasing and manufacture were capitalised.

R&D expenses and long-term expenditure

Research and development expenses were booked as annual expenses for the year in which they incurred. Expenses accruing income during a period of three years or more were capitalised as long-term expenditure and will be written off within three to five years.

Items denominated in foreign currencies

All receivables and debts denominated in foreign currencies pegged to the euro were valued at a fixed rate while receivables and debts denominated in other currencies were valued at the exchange rate of the closing day. Realised and unrealised conversion differences have been entered into the income statement, with the exception of long-term currency loans. Exchange rate losses arising from long-term currency loans were booked in the balance sheet along with exchange rate losses accumulated from previous years. Exchange rate losses are booked as expenditure over the loans' credit period.

Notes to the Income Statement and Balance Sheet

1.1. Net sales by market area (EUR 1,000)	Group		Parent Company	
	1999	1998	1999	1998
Finland	1,553	1,781	1,553	1,781
EU	26,731	23,766	25,625	23,818
EFTA	1,129	671	1,129	671
Rest of Europe	11,898	6,981	11,898	6,981
USA and Canada	32	24	32	24
Asia	1,316	578	676	578
Other countries	982	3,105	982	2,255
	43,641	36,906	41,895	36,108

Net sales have been handled in accordance with article 28 of the 4th EU Directive on company law and consists mainly of invoicing in foreign currencies.

1.2. Other income from business operations

Other income from business operations was primarily generated from the sale of refuse bark unsuitable for use in the production process for energy production purposes, and from maintenance and servicing provided to the Group's associated companies.

1.3. Materials and services (EUR 1,000)	Group		Parent Company	
	1999	1998	1999	1998
Materials and supplies				
Acquisitions during the financial year	21,081	18,050	20,282	18,215
Change in stocks	-59	146	-59	146
	21,022	18,197	20,223	18,361
Services purchased from external service providers	5,490	4,967	5,033	4,527
	26,512	23,164	25,256	22,888

1.4. Personnel costs and fringe benefits (EUR 1,000)	Group		Parent Company	
	1999	1998	1999	1998
Wages of the production personnel	4,179	3,864	4,179	3,864
Other wages and salaries	2,796	2,657	2,461	2,401
Fringe benefits	31	24	31	24
Pension costs	1,296	1,159	1,234	1,108
Other personnel costs	704	694	672	671
	9,006	8,398	8,577	8,069

Management salaries and remuneration	Group 1999	1998	Parent Company 1999	1998
Managing Directors	205	165	83	78
Members of the Board	46	42	46	42
	251	207	129	120

The average number of personnel employed by the Group and parent company during the financial year	Group 1999	1998	Parent Company 1999	1998
Office personnel	49	49	42	42
Operative staff	179	178	179	178
	228	227	221	220

1.5. Depreciation and value adjustment (EUR 1,000)

	Group 1999	1998	Parent Company 1999	1998
Buildings and constructions	258	246	258	246
Machinery and equipment	2,109	1,809	2,067	1,778
Intangible rights	56	48	56	48
Other long-term expenditure	68	84	68	84
Factory redemption right	32	32	32	32
	2,523	2,220	2,481	2,188

Planned depreciations within the Group are calculated in keeping with consistent principles, by making straight-line depreciations on the original acquisition price, based on the useful life of fixed assets.

1.6. Other operating costs

Other operating costs primarily consist of fixed costs associated with maintenance, marketing, insurances and services purchased from outside the company.

1.7. Financial income and expenses (EUR 1,000)

	Group 1999	1998	Parent Company 1999	1998
Dividends receivable				
From others	2	3	2	3
Interest receivable from long-term investments				
From Group companies	0	0	65	8
From associated companies	70	82	71	82
Total revenue from long-term investments	72	85	138	93
Other interest receivable and financial income				
From Group companies	0	0	0	14
From others	100	47	87	15
Interest receivable from long-term investments, other interest receivable and financial income, total	172	132	225	122
Interest payable and other financial expenses	2,327	1,568	2,354	1,568
Depreciation of valuation items and currency translation losses	107	133	107	94
	2,434	1,701	2,461	1,662
Total financial income and expenses	-2,262	-1,569	-2,236	-1,540

1.8. Extraordinary income and expenses (EUR 1,000)

	Group 1999	1998	Parent Company 1999	1998
Extraordinary income	38	0	47	14
Extraordinary expenses	0	0	0	0
	38	0	47	14

The Group's extraordinary income consists of the final payment from the sale of fixed assets of Dorset Boardmills Ltd, previously a Group company that went into liquidation. The parent company's extraordinary income consists of the income specified above and Group contribution decided on by the subsidiary.

2.1.1. Intangible and tangible assets (EUR 1,000)	Group		Parent Company	
	1999	1998	1999	1998
Intangible rights				
Acquisition cost on 1 Jan.	635	490	635	490
Increases 1 Jan. - 31 Dec..	46	145	46	145
Decreases 1 Jan. - 31 Dec.	0	0	0	0
Acquisition cost on 31 Dec.	681	635	681	635
Accumulated planned depreciation 31 Dec.	-472	-416	-472	-416
Book value 31 Dec.	209	220	209	220
Other long-term expenditure				
Acquisition cost on 1 Jan.	677	614	677	614
Increases 1 Jan. - 31 Dec.	128	63	128	63
Decreases 1 Jan. - 31 Dec.	0	0	0	0
Acquisition cost on 31 Dec.	805	677	805	677
Accumulated planned depreciation 31 Dec.	-644	-577	-644	-577
Book value 31 Dec.	161	101	161	101
Total intangible assets	371	320	371	320
Land				
Acquisition cost on 1 Jan.	259	266	0	0
Increases 1 Jan. - 31 Dec.	0	0	0	0
Decreases 1 Jan. - 31 Dec.	0	-7	0	0
Acquisition cost on 31 Dec.	259	259	0	0
Buildings and constructions				
Acquisition cost on 1 Jan.	5,118	4,883	5,118	4,883
Increases 1 Jan. - 31 Dec.	197	235	197	235
Decreases 1 Jan. - 31 Dec.	0	0	0	0
Acquisition cost on 31 Dec.	5,315	5,118	5,315	5,118
Accumulated planned depreciation 31 Dec.	-2,394	-2,136	-2,394	-2,136
Book value 31 Dec.	2,921	2,982	2,921	2,982
Redemption right for an industrial hall				
Acquisition cost on 1 Jan.	638	638	638	638
Increases 1 Jan. - 31 Dec.	0	0	0	0
Decreases 1 Jan. - 31 Dec.	0	0	0	0
Acquisition cost on 31 Dec.	638	638	638	638
Accumulated planned depreciation 31 Dec.	-383	-351	-383	-351
Book value 31 Dec.	255	287	255	287
Machinery and equipment				
Acquisition cost on 1 Jan.	24,741	21,123	24,525	20,922
Increases 1 Jan. - 31 Dec.	3,564	3,618	3,563	3,603
Decreases 1 Jan. - 31 Dec.	-29	0	0	0
Acquisition cost on 31 Dec.	28,276	24,741	28,088	24,525
Accumulated planned depreciation 31 Dec.	-16,521	-14,458	-16,435	-14,369
Book value 31 Dec.	11,755	10,282	11,653	10,156
Investments in progress				
Acquisition cost on 1 Jan.	742	547	742	547
Change during the year	66	195	66	195
Investments in progress on 31 Dec.	808	742	808	742
Total tangible assets	15,998	14,552	15,637	14,166
Book value of production machinery and equipment on 31 Dec.	11,437	9,912	11,437	9,912

2.1.2. Holdings in Group companies and other investments (EUR 1,000)

Group	Shares Associated companies	Shares Others
Acquisition cost on 1 Jan.	508	21
Increases	17	1
Decreases	0	0
Value adjustments	0	0
Acquisition cost on 31 Dec.	525	22

Parent Company	Shares Group companies	Shares Associated companies	Share of the companies contribution fund jointassoc. comp.	Shares Others
Acquisition cost on 1 Jan.	305	303	516	21
Increases	0	0	32	1
Decreases	0	0	0	0
Value adjustments	0	0	0	0
Acquisition cost on 31 Dec.	305	303	548	22

Group companies and associated companies	Group ownership, %	Parent Company ownership, %
Subsidiaries		
Juantehtaan Ympäristö Oy	100	100
Stromsdal UK Ltd	100	100
Associated company		
Koillis-Savon Ympäristöhuolto Oy	45	45

2.1.3. Taxable value of fixed assets (EUR 1,000)

	Group		Parent Company	
	1999	1998	1999	1998
Land	206	206	0	0
Buildings and constructions	2,082	2,240	2,082	2,240
Shares and interests	547	526	1,177	1,144
	2,835	2,973	3,259	3,384

If the taxable value of assets was not available, the book value is shown instead.

2.1.4. Inventories (EUR 1,000)

	Group		Parent Company	
	1999	1998	1999	1998
Materials and supplies	1,688	1,501	1,688	1,501
Work in progress	172	163	172	163
Finished products	2,192	2,917	1,298	1,827
	4,052	4,581	3,158	3,491

2.1.5. Long-term receivables (EUR 1,000)

	Group		Parent Company	
	1999	1998	1999	1998
Receivables from Group companies				
Loan receivables	0	0	94	94
Receivables from associated companies				
Loan receivables	1,395	1,541	1,395	1,541
Other receivables	0	67	0	67
Receivables from others				
Loan receivables	8	8	8	8
	1,403	1,616	1,497	1,710

2.1.6. Current receivables (EUR 1,000)

	Group		Parent Company	
	1999	1998	1999	1998
Accounts receivable	9,426	6,901	6,731	4,210
Receivables from Group companies				
Accounts receivable	0	0	3,588	3,525
Deferred income	0	0	0	1
Receivables from associated companies				
Accounts receivable	14	16	14	16
Loan receivables	146	161	146	161
Deferred income	0	31	0	31
Receivables from others				
Deferred income	1,683	731	1,584	746
Valuation items	322	331	322	331
	11,591	8,171	12,385	9,022

Deferred income includes a repayment of value added tax from December 1999 in the amount of EUR 1,249 thousand. The foreign exchange gains and losses involved in currency loans resulting from changes in the value of the Finnish mark in the period 1992-1999 were entered in aggregate under valuation items in the balance sheet. They will be booked as expenditure over the loan periods. Previous foreign exchange gains or losses were entered into the income statement. The item does not include foreign exchange gains or losses on short-term currency loans, which were booked as income.

2.2.1. Share capital and changes in shareholders' equity

The parent company and the Group's share capital comprises the following shares:

Series	No. of shares 1999	No. of shares 1998	Nominal value, FIM	Share capital (EUR 1,000) 1999	1998
A	120,200	120,200	20	404	404
B	1,399,300	1,399,300	20	4,707	4,707
	1,519,500	1,519,500		5,111	5,111

	Group		Parent Company	
Changes in shareholders' equity	1999	1998	1999	1998
Share capital on 1 Jan.	5,111	5,111	5,111	5,111
Changes	0	0	0	0
Share capital on 31 Dec.	5,111	5,111	5,111	5,111

2.2.2. Reserve fund (EUR 1,000)

	Group		Parent Company	
	1999	1998	1999	1998
Reserve fund on 1 Jan.	589	589	589	589
Changes	0	0	0	0
Reserve fund on 31 Dec.	589	589	589	589

2.2.3. Profit (loss) from previous financial years (EUR 1,000)

	Group		Parent Company	
	1999	1998	1999	1998
Profit brought forward on 1 Jan.	362	1,822	427	2,016
Payment of dividends	0	0	0	0
Change in translation difference	21	2	0	0
Profit/loss for the financial year	-136	-1,462	192	-1,589
Profit brought forward on 31 Dec.	247	362	619	427
Total shareholders' equity on 31 December 1998	5,947	6,062	6,319	6,127
Distributable funds	247	362	619	427

2.2.4. Long-term creditors (EUR 1,000)

	Group		Parent Company	
	1999	1998	1999	1998
Loans from financial institutions	11,610	10,872	11,610	10,872
Pension loans	668	677	668	677
Other long-term debt	683	606	683	606
Total long-term creditors	12,961	12,155	12,961	12,155

Debts maturing after five years or later (EUR 1,000)	Group 1999	Group 1998	Parent Company 1999	Parent Company 1998
Loans from financial institutions	1,792	2,180	1,792	2,180
Pension loans	500	506	500	506
	2,292	4,684	2,292	4,684

2.2.5. Short-term creditors (EUR 1,000)	Group 1999	Group 1998	Parent Company 1999	Parent Company 1998
Loans from financial institutions	7,982	6,727	7,974	6,727
Accounts payable	5,659	3,558	5,609	3,505
Accrued liabilities	2,372	2,475	1,977	2,076
Total short-term creditors	16,013	12,760	15,560	12,307

Accrued liabilities include debt associated with the annual holiday pay to personnel in the amount of EUR 953 thousand and other indirect personnel expenses in the amount of EUR 265 thousand and accrued interest in the amount of EUR 242 thousand.

3.1. Contingent liabilities and pledges given (EUR 1,000)	Parent Company and the Group 1999	Parent Company and the Group 1998
For own debt		
mortgages on buildings and leases	5,174	6,015
mortgage on company assets	8,241	8,241
pledges given	8,878	7,267
shares given as pledge	303	303
guarantees on Group company's debt	0	0
	22,596	21,826

The mortgages and pledged shares are collateral for loans worth EUR 13.1 million in total, and the other pledges given are collateral for loans totalling EUR 6.3 million. Stromsdal Oy guarantees the operations of Stromsdal UK Ltd. for the coming 12 months.

3.2. Deferred tax assets

Deferred tax assets of EUR 1.0 million generated from depreciations not made in the full extent permitted by tax law were not booked as receivables in the financial statements.

3.3. Leasing liabilities (EUR 1,000)	Parent Company and the Group 1999	Parent Company and the Group 1998
Leasing payments in 1999	100	33
Payments to be made later	319	60
Total leasing liabilities on 31 Dec.	419	93

3.4. Liabilities resulting from derivative contracts (EUR 1,000)	Parent Company and the Group 1999	Parent Company and the Group 1998
Forward exchange agreements		
Current value	0	1.275
Value of the underlying security	0	1.283

3.5. Pension scheme and pension liabilities

All the Group's employees in Finland are covered by the Employee's Pension Act (TEL), and the pension schemes of those working abroad are arranged as required by the legislation of the country in question. Future unemployment and disability pension liabilities total approximately EUR 140 thousand, of which EUR 26 thousand will be booked in 2000.

Calculation of Key Indicators

1) Return on equity (ROE)

$$\frac{\text{(profit before extraordinary items} - \text{taxes for the financial year)}}{\text{shareholders' equity} + \text{minority interest} + \text{provisions (on average during the year)}} \times 100$$

2) Return on investment (ROI)

$$\frac{\text{(profit before extraordinary items} + \text{interest cost and other financial expenses)}}{\text{balance sheet total} - \text{interest-free liabilities (on average during the year)}} \times 100$$

3) Equity ratio

$$\frac{\text{(shareholders' equity} + \text{minority interest} + \text{provisions)}}{\text{balance sheet total} - \text{payments received in advance}} \times 100$$

4) Current ratio

$$\frac{\text{financial assets} + \text{inventories}}{\text{current liabilities}}$$

5) Earnings per share (EPS)

$$\frac{\text{profit before extraordinary items} - \text{taxes} - \text{minority interest}}{\text{share issue adjusted average number of shares}}$$

6) Total earnings per share

$$\frac{\text{profit before appropriations} - \text{taxes for the financial year}}{\text{share issue adjusted average number of shares}}$$

7) Dividend ratio

$$\frac{\text{share issue adjusted dividend per share}}{\text{earnings per share}} \times 100$$

8) Effective dividend yield

$$\frac{\text{share issue adjusted dividend per share}}{\text{share issue adjusted quoted price on the closing day}} \times 100$$

9) Shareholders' equity per share

$$\frac{\text{restricted and non-restricted equity} + \text{provisions}}{\text{share issue adjusted average number of shares}}$$

10) Price per earnings (P/E) ratio

$$\frac{\text{share issue adjusted quoted price on the closing day}}{\text{profit per share}}$$

11) Share issue adjusted average price

$$\frac{\text{total turnover of shares in FIM}}{\text{share issue adjusted number of shares traded during the financial year}}$$

12) Market capitalisation

number of shares x quoted price at the end of the financial year

Board of Directors' Proposal for the Distribution of Profits

The Group's distributable profit funds totalled EUR 246,694.72. The parent company's distributable profit funds amounted to EUR 618,843.00 of which the financial year's profit was EUR 191,830.96. The Board of Directors proposes that no dividend be paid on the A and B shares of Stromsdal Oyj for 1999 and that the profit be transferred on the profit and loss account.

Juankoski, March 21, 2000

Janne Simelius

Eero Sinkko

Petri Kangasperko

Osmo Jääskeläinen

Björn Forss

Auditors' Report

To the shareholders of Stromsdal Oyj

We have audited the accounts, the accounting record and the administration of Stromsdal Oyj for the financial year from 1 January to 31 December 1999. The financial statements prepared by the Board of Directors and the Managing Director include a report on operations, an income statement and balance sheet for the Group and the parent company, and notes to the accounts. Based on our audit, we give our opinion on the financial statements and administration.

We have conducted our audit in accordance with the Finnish Generally Accepted Auditing Standards. Those standards require that we examine the accounting record and the preparation principles, the contents and presentation of the financial statements to a sufficient extent to obtain reasonable assurance on whether the financial statements are free of material misstatement or deficiencies. The purpose of our audit of company administration has been to ensure that the Board of Directors and Managing Director have complied with the rules of the Companies Act.

In our opinion, the financial statements have been prepared in accordance with the Bookkeeping Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Bookkeeping Act, of the Group's and the parent company's result of operations, as well as of their financial position. The financial statements, including the consolidated financial statement, can be approved, and the members of the parent company's Board of Directors and the Managing Director can be discharged from liability for the period audited by us. The proposal by the Board of Directors on the distribution of the non-restricted shareholders' equity shown on the balance sheet is in compliance with the Companies Act.

Helsinki, March 30, 2000

Arthur Andersen Oy
Authorised Public Accountants

Hannu Vänskä
Authorised Public Accountant

Board of Directors, Management Group and Auditors

STROMSDAL OYJ'S BOARD OF DIRECTORS

Chairman, Mr. Janne Simelius, 55, M.Sc. (Eng.), Director, member of the Board since 1996
Mr. Björn Forss, 51, M.Sc. (Eng.), Managing Director, member of the Board 1987-1994, 1996-
Mr. Osmo Jääskeläinen, 57, M.Sc. (For.), member of the Board since 1996
Mr. Petri Kangasperko, 46, M.Sc. (Social Sciences), City Manager, member of the Board since 1996
Mr. Eero Sinkko, 51, M.Sc. (Eng.), Deputy Managing Director, member of the Board since 1996

STROMSDAL OYJ'S MANAGEMENT GROUP

Mr. Björn Forss, 51, Managing Director
Mr. Erkki Karjalainen, 57, Engineer, Technical Director
Mr. Ari Ketola, 48, M.Sc. (Econ.), B.A., Financial Director
Mr. Matti Mäkeläinen, 57, M.Sc. (Eng.), Mill Manager
Mr. Pauli Pitkänen, 57, Wood Yard Worker, Staff Representative

AUDITORS

Regular Auditor: Arthur Andersen Oy, Authorised Public Accountants
Deputy Auditor: Mr. Pertti Hiltunen, Authorised Public Accountant

Financial Indicators

	1999	1998	1997	1996	1995
Production output, tonnes	46,753	39,174	41,305	41,934	40,460
Net sales, EUR million	43.6	36.9	41.1	39.9	37.1
Research and development costs, EUR million	0.33	0.15	0.44	0.30	0.07
% of net sales	0.8	0.4	1.1	0.8	0.2
Investments in fixed assets, EUR million	4.0	4.3	1.9	1.1	0.5
% of net sales	9.2	11.5	4.7	2.7	1.4
Personnel, on average	228	227	220	219	227
Operating profit, EUR million	2.1	0.1	3.5	3.8	2.3
% of net sales	4.7	0.3	8.6	9.4	6.2
Profit before extraordinary items, EUR million	-0.2	-1.4	1.0	1.2	0.1
% of net sales	-0.5	-3.9	2.5	2.9	0.1
Profit before appropriations and taxes, EUR million	-0.2	-1.4	1.0	1.2	0.1
Return on equity %, (ROE) [1)]	-2.9	-21.5	13.9	18.0	1.0
Return on investment %, (ROI) [2) *)]	7.8	0.5	13.2	14.3	8.9
Current ratio [4)]	1.0	1.1	1.3	1.3	1.2
Equity ratio, % [3)]	17.0	19.5	23.4	21.1	17.5
Interest-bearing liabilities, EUR million	20.9	18.9	19.2	20.2	20.2

*) Translation differences from long-term foreign currency loans have been capitalised.

1-4) Calculation of key indicators is presented on page 23.

Per-Share Ratios

(Calculated in accordance with the guidelines of the Helsinki Exchanges)	1999	1998	1997	1996	1995
Earnings per share (EPS) [5]	-0.09	-0.96	0.65	0.72	0.03
Total earnings per share [6]	-0.09	-0.96	0.65	0.72	0.08
Shareholders' equity and provisions, EUR/share [9]	3.91	3.99	4.95	4.37	3.62
Dividend, EUR/B share *)	-	-	-	0.08	-
Dividend on profit, %/B share *)	-	-	-	9.9	-
Share-issue adjusted dividend/B share *)	-	-	-	0.08	-
Payout ratio, %/B share [7] *)	-	-	-	11.7	-
Effective dividend yield, %/B share [8] *)	-	-	-	3.5	-
Price/earnings ratio, B share [10]	-22.8	-2.0	5.7	3.4	44.5
Share price on 31 Dec., EUR/B share	2.05	1.88	3.68	2.42	1.51
Lowest price, B share	1.80	1.77	2.49	1.51	1.51
Highest price, B share	2.70	4.49	5.38	3.36	5.35
Share-issue adjusted average price, B share [11]	2.15	3.30	4.15	2.70	3.49
Market capitalisation, B share [12], EUR million	2.9	2.6	5.2	3.4	2.0
Development of share trading, B share					
Thousand shares	452	1,046	2,095	1,195	561
trading %	32.3	74.8	149.7	85.4	42.5
Share-issue adjusted number of shares, B share, thousands					
weighted average during the year	1,399.30	1,399.30	1,399.30	1,353.40	1,319.50
at the end of the year	1,399.30	1,399.30	1,399.30	1,399.30	1,319.50

*) Board's proposal to the Annual General Meeting.

5-12) Calculation of key indicators is presented on page 23.

Shareholder information

ANNUAL GENERAL MEETING

The Annual General Meeting of Stromsdal Oyj will be held in Juankoski, at Stromsdal's conference facilities on 9 May 2000 at 11 a.m. All shareholders registered in the company shareholder register maintained by the Finnish Central Securities Depository Ltd. by 4 May 2000 are entitled to attend the meeting.

Furthermore, shareholders whose shares have not been transferred into the book-entry securities system are also entitled to attend the meeting, provided that they can present their share certificates at the meeting, or other proof of the fact that their shares have not been transferred to a book-entry securities account.

Shareholders who wish to attend the Annual General Meeting must register with the company by noon on 8 May 2000 either by letter addressed to Stromsdal Oyj, Share Register, P.O. Box 33, FIN-73501 Juankoski, or by phone to +358 17 688 641 (Ms. Sari Pitkänen). Letters should arrive before the end of the registration period. Any proxies should be submitted in connection with the advance registration.

FINANCIAL INFORMATION

In addition to the financial statement bulletin and annual report for 2000, Stromsdal will publish two interim reports as follows:

• interim report for January-April	June 6, 2000
• interim report for January-August	October 6, 2000

The annual report and interim reports will be published in Finnish and in English. Copies are available from Stromsdal Oyj, P.O. Box 33, FIN-73501 Juankoski, tel. +358 17 688 641, fax +358 17 612 008.

SHARES

The company has a total of 1,519,500 shares, 120,200 of which are series A and 1,399,300 series B shares.

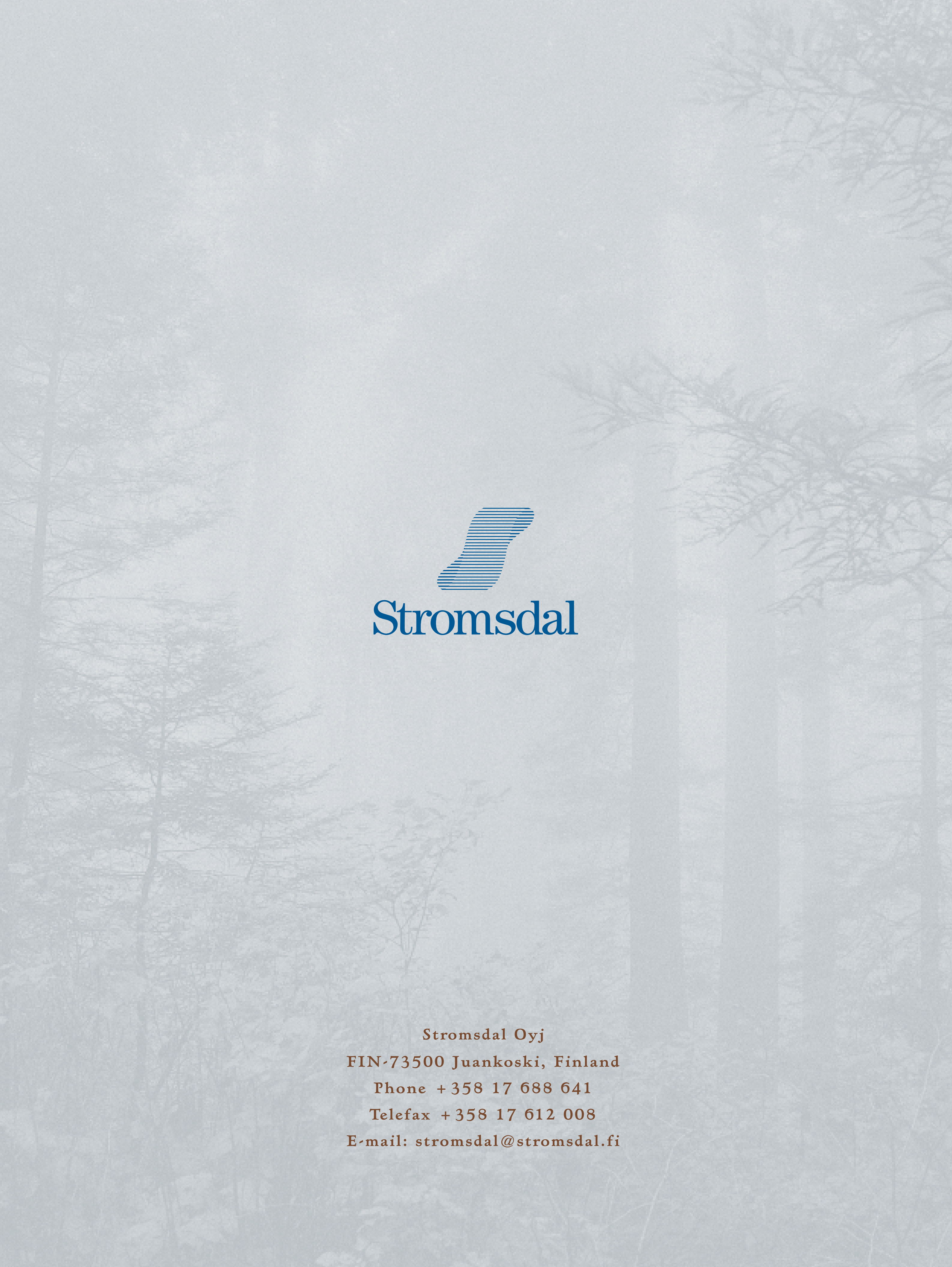
The B shares are quoted on the Helsinki Exchanges. Stromsdal switched over to the book-entry securities system in 1997. After the registration date, shareholders can receive dividends and exercise their subscription rights only after the share certificates have been exchanged to book-entry securities.

YEAR 1999 IN BRIEF

- consolidated net sales totalled EUR 43.6 million
- the Group booked an operating profit of EUR 2.1 million
- the second phase of the Stromsdal 2000 investment programme was completed
- a sales office was set up in Belgium

This annual report is printed on 190 g/m² GraphiÅrt Heritage, a graphical board from Stromsdal. Heritage addresses the market for soft toned, uncoated and natural-looking printing materials – currently very popular for greeting cards, covers, cosmetics packaging and brochures.

GraphiÅrt Heritage is available in a full range of grammages from 160 to 360 g/m² and calipers from 230 to 590 microns. Unique amongst uncoated folding boxboards, Heritage offers symmetrical printing surfaces on both sides. It is also available in linen and eggshell embossed finish.



Stromsdal

Stromsdal Oyj
FIN-73500 Juankoski, Finland
Phone +358 17 688 641
Telefax +358 17 612 008
E-mail: stromsdal@stromsdal.fi